

Message Text

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FM AMEMBASSY ALGIERS

TO SECSTATE WASHDC 2068

UNCLAS ALGIERS 0653

E.O. 11652: N/A

TAGS: BEXP, AG

SUBJ: FY 1977 COUNTRY COMMERCIAL PROGRAM (CCP)

REFS: (A) STATE A-9016, DEC. 6, 1974 (B) STATE 005312

(C) ALGIERS 0506 (D) ALGIERS 2695

1. EMBASSY ALGIERS IS CURRENTLY IN A STATE OF FLUX DUE TO INCREASING WORKLOAD AND NEW STAFFING PATTERNS RESULTING FROM RENEWAL OF DIPLOMATIC RELATIONS. THE 1977 CCP SUGGESTIONS OUTLINED IN THIS CABLE SHOULD THUS BE CONSIDERED IN THIS LIGHT.

2. WE HAVE PREPARED FIVE PRODUCT CATEGORIES FOR CAMPAIGN TREATMENT AS WELL AS A PRELIMINARY RESOURCES ALLOCATION SECTION. WE ARE SUBMITTING THESE FY 77 CCP SUGGESTIONS ASSUMING THE 76 PROGRAM HAS BEEN ACCEPTED. AS EXAMPLE, OUR RECOMMENDATIONS FOR A FY 77 CAMPAIGN IN SECONDARY PROMOTION PHASE FOR COMPUTERS AND RELATED EQUIPMENT PRESUPPOSES OUR RECOMMENDATION FOR A PRIMARY CAMPAIGN IN 76 HAS BEEN ACCEPTED.

3. RESOURCES ALLOCATION: FOR FY 75 ALGIERS HAS ONE LOCAL, TWO OFFICER POSITIONS AND ONE AMERICAN SECRETARY POSITION. OUR FY 76 PROGRAM SHOULD INCLUDE TWO LOCAL AND TWO OFFICER POSITIONS PLUS 50 PERCENT COMMERCIAL WORK FROM A NEW COUNSELOR/COMMERCIAL POSITION AS WELL AS ONE AMERICAN SECRETARY. WE PROPOSE THAT BY FY 77 ALGIERS HAVE THREE FULL TIME ECONOMIC/COMMERCIAL OFFICER POSITIONS. THIS IS TRANSLATED INTO MAN-DAYS AS FOLLOWS: FY 76, TWO AND ONE HALF ECONOMIC/COMMERCIAL OFFICER POSITIONS, UNCLASSIFIED

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OR 563 MAN-DAYS, ONE FSS SECRETARY OR 225 MAN-DAYS; AND TWO

FSL POSITIONS OR 450 MAN-DAYS; FY 77, THREE ECONOMIC/COMMERCIAL OFFICER POSITIONS OR 675 MAN-DAYS, ONE FSS SECRETARY OR 225 MAN-DAYS, AND TWO FSL POSITIONS OR 450 MAN-DAYS. IT SHOULD BE NOTED THAT MAN-DAYS ACTUALLY AVAILABLE FOR COMMERCIAL WORK IS MUCH LOWER IN REALITY THAN WOULD APPEAR FROM THESE FIGURES. BESIDES ADDITIONAL ECONOMIC AND FINANCIAL REPORTING, THESE OFFICERS HANDLE CIVIL AVIATION, AGRICULTURE, AID, FISHERIES, SCIENCE AND ENERGY MATTERS.

4. MAJOR PROJECTS: WE CANNOT STRESS STRONGLY ENOUGH THAT THIS IS THE REAL KEY TO DOING BUSINESS IN ALGERIA. MAJOR PROJECT REPORTING AND SUPPORT, ALONG WITH RELATED TRADE OPPORTUNITY REPORTING AND FOLLOW-UP IS BY FAR THE MOST FERTILE GROUND FOR POST COMMERCIAL PROGRAM INITIATIVES. MAJOR PROJECTS, ON WHICH THE ALGERIANS ARE CURRENTLY PLANNING INCLUDE AUTOMOBILES, STEEL, ALUMINUM, TIRES, COMPUTER PERIPHERAL EQUIPMENT, RAILROAD IMPROVEMENT, LOCOMOTIVES, AIRPORT TERMINAL, TURBO ELECTRIC GENERATORS, REFINERY, PIPELINES, NEW CITIES, HOSPITALS AND GAS RECYCLING PLANTS. OTHER MAJOR PROJECTS CAN BE EXPECTED TO BE ANNOUNCED REGULARLY. BUSINESS RESULTING FROM THESE HUGE CONTRACTS WILL RUN INTO THE BILLIONS OF DOLLARS. TRADE OPPORTUNITIES THROUGH INVITATIONS TO BID ALSO REPRESENT ENORMOUS SALES POSSIBILITIES. ONE CURRENT EXAMPLE TO TO-0064 SENT TO THE DEPARTMENT VIA ALGIERS 2561. THREE U.S. FIRMS, JEEP CORP., FORD AND INTERNATIONAL HARVESTER ARE BIDDING ON THIS TO WORTH ABOUT 50 MILLION DOLLARS. PERSONAL ASSISTANCE BY THE POST TO THESE FIRMS HAS GREATLY INCREASED THE CHANCE OF THIS SALE GOING TO A U.S. MANUFACTURER.

5. CAMPAIGNS: FOLLOWING ARE MAJOR PROJECT CATEGORIES SELECTED FOR ON-GOING PROMOTION EFFORT IN ALGERIA.

6. OIL AND GAS FIELD EQUIPMENT: AS ALGERIA IS POTENTIALLY ONE OF THE WORLD'S GREATEST PRODUCERS OF NATURAL GAS AND AN IMPORTANT OIL PRODUCER AS WELL, OPPORTUNITIES IN THIS FIELD WILL CONTINUE TO BE HIGH. SEVERAL MAJOR PROJECTS ALREADY UNDERWAY OR PLANNED WILL PROVIDE A SOLID BASE FOR NEW SALES IN THESE KINDS OF EQUIPMENT. OUR GOAL WILL BE INCREASE U.S. EXPORTS OF EQUIPMENT TO ALGERIA AND PROMOTE AND REINFORCE THE ACTIONS OF U.S. INDUSTRY AS THE WORLD'S LEADER IN GAS AND OIL TECHNOLOGY. THIS UNCLASSIFIED

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CATEGORY SHOULD BE KEPT IN THE CCP BECAUSE OF ITS IMPORTANCE AND IN SPITE OF FACT IT HAS BEEN IN 75 AND 76 CCPS.

7. FOOD PROCESSING AND PACKAGING EQUIPMENT: POST WILL INCREASE CONTACTS WITH APPROPRIATE ALGERIAN OFFICIALS AND SEEK OUT, REPORT AND FOLLOW UP ON TRADE OPPORTUNITIES. OUR GOAL SHOULD BE TO INCREASE THE U.S. SHARE OF THIS MARKET AND ATTEMPT TO IDENTIFY AND PROMOTE MAJOR PROJECTS.

8. COMPUTERS AND RELATED EQUIPMENT: (SECONDARY PROMOTION PHASE). THIS PLANNED VISIT (MAY 1975 OF THE TOP ALGERIAN EDP OFFICIAL TO THE UNITED STATES SHOULD AUGUR WELL FOR INCREASED FUTURE SALES OF COMPUTERS AND PERIPHERALS IN ALGERIA. GIVEN ALGERIA'S AMBITIOUS PLANS AND THE PRESENT FAVORABLE POSITON OF U.S. MANUFACTURERS ALREADY IN THE ALGERIAN MARKET, WE SHOULD BE ABLE TO GREATLY INCREASE AND STRENGTHEN THE U.S. MARKET SHARE AND HOPEFULLY SIGN A MAJOR PROJECT FOR THE ESTABLISHMENT OF A PERIPHERAL EQUIPMENT MANUFACTURING FACILITY IN ALGERIA BY A U.S. FIRM.

9. TRANSPORTATION EQUIPMENT: ALGERIA'S FAST GROWING NEEDS FOR TRANSPORT EQUIPMENT OF ALL KINDS WILL PRESENT GREAT OPPORTUNITIES IN COMING YEARS. AIRCRAFT AND PARTS, RAILWAY EQUIPMENT AND INDUSTRIAL AND SPECIALIZED VEHICLES WILL REPRESENT MILLIONS OF DOLLARS OF POTENTIAL U.S. EXPORTS. THE POSSIBILITY THAT A U.S. FIRM MAY OBTAIN THE HUGE ALGERIAN AUTO MANUFACTURING PLANT PROJECT WOULD GIVE TREMENDOUS IMPETUS TO ALL KINDS OF RELATED EQUIPMENT SALES FROM THE U.S.

10. ENERGY SYSTEMS: HERE WE MAY HAVE SOME OVERLAP WITH THE FIRST CAMPAIGN, OIL AND GAS FIELD EQUIPMENT. WE ARE NOT SURE OF TERMINOLOGY. WHAT PRECISELY IS COVERED BY ENERGY SYSTEMS? IN ANY CASE, EQUIPMENT FOR NATURAL GAS LIQUIFICATION AND TRANSPORT, GAS RECYCLING AND PETROLEUM REFINING AND EXPLORATION WILL ALL BE MAJOR IMPORT CATEGORIES FOR THE ALGERIAN MARKET IN COMING MONTHS AND YEARS.

11. COMMENT: OST IS AWAITING DEVELOPMENTS ON FY 76 AND 77 CCPS WITH INTEREST. WE WILL BE PARTICULARLY INTERESTED IN DISCUSSING WIDE RANGE OF IDEAS AND PROBLEMS ABOUT OUR COMMERCIAL PROGRAM IN ALGERIA DURING COMMERCE TEAM VISIT TO ALGIERS
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IN APRIL. WE CONTINUE TO BE OF OPINION, HOWEVER, THAT THIS EXTENSIVE PLANNING EXERCISE (CCP) IS UNREALISTIC WITHIN THE CONTEXT OF CURRENT ALGERIAN PICTURE. WE NOTE THAT ALGIERS IS ONLY NORTH AFRICAN POST PREPARING A CCP AND ARE WONDERING ABOUT THE RATIONALE LEADING TO THIS SITUATION. THE STATIC NATURE OF THE CCP DOES NOT PROVIDE THE FLEXIBILITY NEEDED TO PUT OUR RESOURCES TO WORK TO THE BEST ADVANTAGE.

ALGERIA DOES NOT HAVE A NORMAL MARKET STRUCTURE. MARKET TRENDS CANNOT ACCURATELY BE DETERMINED BECAUSE OF A LACK OF A SYSTEM OF SUPPLY AND DEMAND. A BRIEF LOOK AT U.S. EXPORT STATISTICS TO ALGERIA OVER THE PAST YEARS WILL SHOW THE FAST GROWING OVERALL BUT SPECIFICALLY ERRATIC NATURE OF OUR SALES HERE. THESE SALES ARE BASED ON ARBITRARY DECISIONS

FROM GOA OFFICIALS WHO ARE CONCERNED WITH THEIR OWN PRIORITIES
AND NOT ON MARKET DEMAND FACTORS. OUR BEST STANCE IF ONE OF
FLEXIBLE RESPONSE TO TARGETS OF OPPORTUNITY AS THEY APPEAR
FROM THE INNER WORKINGS OF THE LOCAL BUREAUCRACY. THE CURRENT
FOUR-YEAR PLAN CAN BE A LIMITED GUIDE TO US IN OUR EFFORTS TO
RATIONALIZE THIS MARKET. THE APPLICABILITY OF THE PLAN TO
THE CURRENT SITUATION IS CHANGING CONSTANTLY
AS WELL, DEPENDING ON OIL REVENUES, INFLATION AND

CHANGING ALGERIAN PRIORITIES. IN THE PAST THE VALUE OF THE
CCP HAS SEEMED TO BE MORE IN THE PROCESS IT REPRESENTED RATHER
THAN THE DOCUMENT ITSELF. THE EMBASSY HOPES THAT THESE
THOUGHTS WILL HELP IN DEVELOPING A MORE FLEXIBLE AND RESPONSIVE
CCP THAT WILL ALSO BE OF VALUE AS A VALID PLANNING DOCUMENT.
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